

Market Position & Business Model – Develop Resources

Description

Developing organizational resources (e.g., technical expertise, accounting processes, office space, software systems) is a key component of ensuring that you meet your [organization's](#) and [program's](#) goals. Decisions in this stage are impacted by the outcomes of the previous steps. For example, whether you will need a software system to manage customer interactions or track data (e.g., number of upgrades) depends directly on the business model you have selected (i.e., will this be done in-house or via an external partner).

This handbook first describes the different types of resources that are important to maintaining a strong [market position](#) and viable [business model](#). The resources can be categorized as:

- **Staff expertise**—finding new staff with needed skills and training opportunities to enhance the skills of existing staff. Identifying a sufficient balance of professional capabilities will enable more efficient delivery of programs and reduce overall costs.
- **Management and operational systems**—documenting processes and policies (e.g., tax filing and auditing, staff travel, legal review). Written procedures will help you act quickly when problems arise.
- **Assets and infrastructure**—identifying the underlying systems that are needed to get work done (e.g., office space, IT hardware and software, and equipment).

Once you identify the resources your organization will need to implement a residential energy efficiency program, you will need to assess what resources you currently have and determine if there are any gaps.

Finally, this handbook will help you develop an action plan for filling any resource gaps that may exist. Identifying needed resources and opportunities to fill gaps at the outset will enable you to launch your program with a solid foundation. As your organization's needs change over time, particularly as your energy efficiency program evolves, you will want to revisit the steps in this handbook to ensure you aren't missing any opportunities to increase operational efficiency by securing new resources.

Key steps for developing resources covered in this handbook include:

- Define resources to help you reach your goals
- Assess current resources and identify gaps
- Take action to fill resource gaps.

Market Position & Business Model

Stages:

[Overview](#)

1. [Assess the Market](#)
2. [Set Goals & Objectives](#)
3. [Identify Partners](#)
4. [Develop a Business Model](#)
5. [Create a Business Plan](#)
6. [Develop Evaluation Plans](#)
7. **Develop Resources**
8. [Assess & Improve Processes](#)
9. [Communicate Impacts](#)

Find related information across other program components:

- **[Program Design & Customer Experience – Develop Resources](#)**
Develop the necessary materials, tools, and staff capacity to effectively deliver and manage your program.
- **[Marketing & Outreach – Develop Resources](#)**
Create your program's branding guidelines and materials to elevate program visibility and support your marketing and outreach efforts.
- **[Financing – Develop Resources](#)**
Develop the procurement, outreach, and loan support resources required to perform your financing activities.
- **[Contractor Engagement & Workforce Development – Develop Resources](#)**
Develop workforce and contractor engagement procedures, forms, and materials

Step-by-Step

An organization needs many types of resources to achieve its [vision, mission, and goals](#) and implement its [business plan](#). The information below will help you determine what resources you will need, identify gaps in those needed resources, and develop an action plan for filling those gaps.

Define resources to help you reach your goals

Defining the resources you need to meet your goals is the first step in developing resources. These resources are often grouped into three categories: staff expertise, management and operational systems, and assets and infrastructure. Each category is described below.

Staff Expertise

Having the necessary expertise on staff to administer your organization and meet challenges associated with market changes is essential.

The staff you need will depend on the size, tenure, and complexity of your organization. Common structures for organizations implementing residential energy efficiency programs include an executive management team, program management team, technical team, and administrative team. This handbook focuses on the executive management team and the administrative team. For information on establishing staffing requirements, roles, and responsibilities for program implementation, see the [Program Design Develop Implementation Plans handbook](#).

An organization offering a residential energy efficiency program might include the following staff on its executive management team:

- **Executive director, president, or chief executive officer**, responsible for the overall strategy and performance of the organization
- **Chief operations officer**, responsible for the day-to-day operations of the organization
- **Chief financial officer**, responsible for managing the financial risks of the organization.

The size of the administrative team will vary based on size and complexity of the organization. Key functions of the staff on this team include payroll, accounting, administration of employee benefits, and management of office space and equipment. They may also help develop processes for and carry out work related to the residential energy efficiency program, such as processing and payment of incentives, desktop review of projects, and tracking of energy savings.

Some of these activities may be subcontracted rather than directly staffed. This enables the staff of the organization to stay clearly focused on their mission and core services. For example, many organizations subcontract activities such as bookkeeping, accounting, and information technology support.

Management and Operational Systems

This category of resources includes accounting processes, employee training procedures, personnel policies, legal review processes, tax filing and auditing processes, etc.

A useful way to identify these types of resources is to consider each of the staff resources that you previously identified. Ask yourself the following questions:

- To be successful in his or her role, what tools, systems, procedures, and processes will each staff person need to have in place?
- During the first month or quarter of your organization's operations, what situations or questions are likely to arise that will require a standard policy to address? (Considering this time period is helpful because it is during the start-up phase of your operations when the most questions will come up.)

Identify the resources your staff will rely on and document policies proactively to help you move quickly when predictable issues arise. For example, if your business model includes some staff traveling to work sites to conduct quality assurance reviews, you will need policies about whether the time traveling to work sites is paid time and whether mileage and meals are reimbursable. You will need a process through which staff report their time and expenses and communicate any problems encountered at job sites. Depending on the complexity and size of your organization, you may need to establish training on some or all of these topics, so that all staff understand the policies and processes your organization leaders set.

Assets and Infrastructure

Envision the specific assets and infrastructure you will need to help you achieve your vision, mission, and goals. Assets and infrastructure include the following:

- **Office space.** How many office locations will you need to serve your customers? How much office space will you need to house your staff? Do you need a space for trainings or large meetings? Will you enable some or all staff to work from home?
- **IT hardware and software.** Will your staff have laptops, tablets, or desktop PCs? What software will each staff person need to use regularly? How many printers, scanners, and copiers are needed to serve your office? How will you provide regular IT maintenance and support (e.g., in-house or contracted out)?
- **Equipment.** Do you require any special equipment, such as a blower-door kit or infrared cameras?

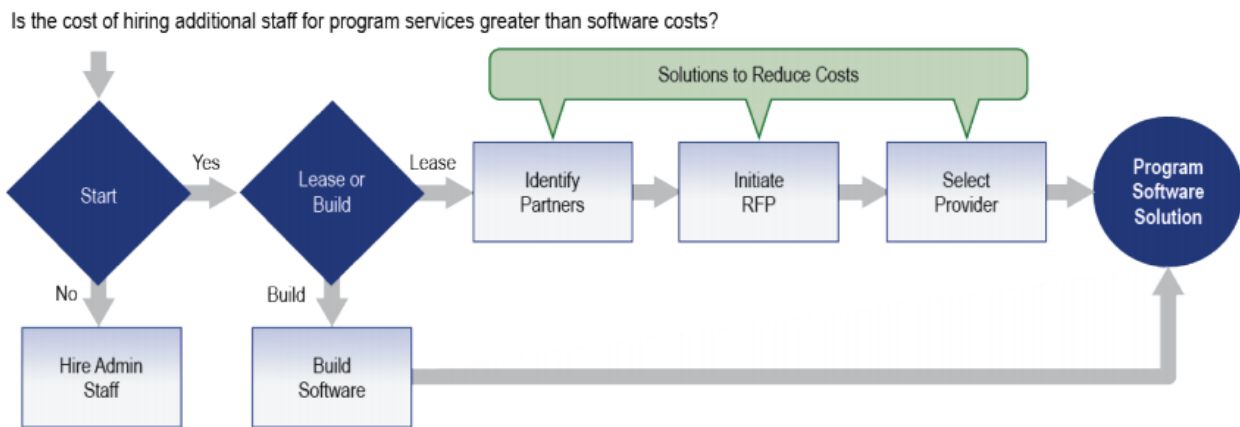
In Their Own Words: Early Investment in Infrastructure is a Key to Success



Source: U.S. Department of Energy, 2012.

Many organizations administering residential energy efficiency programs have experienced challenges ensuring that their management software performs as needed. Tracking the status of customer interactions and generating reports on energy savings and other key performance indicators are two areas that require special attention. There are several options for meeting software needs, including hiring staff to perform the function software would otherwise provide, building software yourself, or leasing it through a competitive bidding (e.g., RFP) process. As shown in the graphic below, following a process with clear decision points can help ensure you meet your software needs at lowest cost.

Software Decision-Making Process



Source: Booz Allen research

Source: [Better Buildings Neighborhood Program Business Models Guide](#), U.S. Department of Energy, 2012.

For additional information on developing project tracking systems see the [Program Design handbook on Developing Resources](#).

Assess current resources and identify gaps

After you identify the full list of resources you need, compare them to the resources you have available. Organizing this information in a matrix is a good way to quickly identify your highest-priority gaps. The table below shows sample resource needs compared to an organization's current capabilities. While this list is not exhaustive, it provides a framework for identifying gaps.

Sample Resource Needs vs. Capabilities

	FULLY COVERED (Current staff are fully capable; no gap exists)	PARTIALLY COVERED (Current staff lack some capabilities; the gap is a low priority to fill)	CRITICAL NEED (Current staff lack capabilities; the gap is a high priority to fill)
Staff Expertise			
Accountant			X
QA Lead		X	
Management and Operational Systems			
Process for legal review of application forms	X		X
Personnel policies		X	
Reimbursement policies	X		
Assets and Infrastructure			
Tablet PCs for home energy Assessors			X
Training room for 30 people	X		

Source: U.S. Department of Energy, 2014.

You should focus on filling the critical needs first, and look to build out over time the areas that you have partially covered.

Take action to fill resource gaps

After completing the previous steps, you should have a good understanding of your resource needs and the urgent gaps in resources that you need to fill. The next step is to take action and fill the resource gaps. You have several options to consider, each of which is described below.

Staff Expertise

If you have gaps in staff expertise, training opportunities for your existing staff are an option. Some types of training can be offered internally (e.g., on-the-job learning, mentoring), while others are better obtained through external training organizations. Sources of external training on residential energy efficiency programs include:

- Program Administration
 - See the [Program Design Handbooks](#) for more information.
- Building Science
 - [Building America Solution Center](#) - this website provides access to expert information on hundreds of high-performance construction topics, including air sealing and insulation, HVAC components, windows, and indoor air quality.
 - [Building Performance Institute](#) (BPI) - BPI is a national standards development and credentialing organization for residential energy efficiency upgrade work.
- Home Improvement Market
 - [Efficiency First](#) - Efficiency First is a national nonprofit trade association serving contractors, product manufacturers, and related organizations involved in home energy assessments.

Other sources of external training include educational institutions such as community colleges and local, regional, or statewide workforce development organizations. For more detailed information on workforce development, see the [Contractor Engagement and Workforce Development Handbooks](#).

If you need to hire new staff, there are several options to pursue. Placing ads online, using personal recommendations, and promoting from within are all good starting points. Look in the social media sources dedicated to energy efficiency, such as energy efficiency groups on LinkedIn or other social networking websites. Industry conferences such as ACI National Home Performance Conference and RESNET are also excellent sources of training and continuing education for existing staff and provide an opportunity to network with potential new staff and contractors.

Management and Operational Systems

If gaps in management and operational systems exist, you can develop resources in-house if you have the budget. For example, you could task an existing staff person or hire new staff to review operations and provide suggestions for improvement.

Consider partnering with a nearby business school to provide input on improvements to your organization. Some graduate programs encourage students to work in companies as part of the degree curriculum. To explore the potential for such a partnership, there are two approaches. First, research whether any colleagues or associates are alumni of local business schools and seek an introduction through them. If you are unable to draw upon a personal connection, call the Office of the Business School Dean or Chairperson of the Business Department to inquire about opportunities to work with students.

Another good source of improvement ideas for management and operational systems is the [U.S. Small Business Administration](#) (SBA). The SBA website contains numerous articles on starting and running a business, including guidance on complying with laws and regulations, employee training and personnel policies, and record-keeping for taxation purposes.

Assets and Infrastructure

Unlike gaps in staff knowledge or expertise, which can often be addressed through short-term, inexpensive training efforts, gaps in assets and infrastructure often require substantial investments to address. Signing a lease for new office space, purchasing new laptops and tablets for all staff, or purchasing a new software platform are all major investments for any organization. When considering how to best use your resources to improve assets and infrastructure, you should focus on improvements that are both critical to your operations and that will provide benefits over the long term.

If resources to invest in assets and infrastructure are limited or if the gap you have identified is short-term, developing partnerships can be an effective approach. To increase your organization's access to needed information technology, look to work with nonprofit organizations whose missions include expanding access to technology. Similarly, sharing office space with other organizations or renting a large conference room when needed can be a cost-saving way to fill asset and infrastructure gaps. Partnering with a participating contractor to share the cost burden of audit software can reduce up-front costs as well.

Tips for Success

In recent years, hundreds of communities have been working to promote home energy upgrades through programs such as the Better Buildings Neighborhood Program, Home Performance with ENERGY STAR, utility-sponsored programs, and others. The following tips present the top lessons these programs want to share related to this handbook. This list is not exhaustive.

Consider a diversity of funding and revenue sources and make selections based on local opportunities when planning for long-term program sustainability

In order to craft a sustainable financial model, organizations need to identify long-term sustainable revenue sources. As with the Better Buildings Neighborhood Program, grant funding can be a great way to get an effort off the ground; however, grant funding does run out, leaving the need to secure alternate revenue sources. Many Better Buildings Neighborhood Program partners overcame this challenge by aligning revenue opportunities with gaps or untapped potential for business in their local market. In some cases, several years were needed to gain trust and demonstrate results before funding was secured, so the sooner you begin considering options, the better the chances are of finding and securing one that is viable. Consider a wide range of options and pursue those opportunities that best match what your organization and local market have to offer. See a detailed list of potential funding sources in the [Market Position - Develop a Business Model handbook](#).

- In 2010, St. Lucie County in Florida was awarded an Energy Efficiency and Conservation Block Grant and created the [Solar and Energy Loan Fund](#) (SELF), expecting that property assessed clean energy loans (PACE) would be an integral part of the residential loan structure. When Freddie Mac and Fannie Mae challenged the residential PACE system nationwide, SELF shifted direction. They evolved through a multi-year process into a certified community development financial institution (CDFI) focused on energy efficiency and renewable energy upgrades for the residential sector. They targeted low and moderate income populations that had been especially affected in Florida by the economic crisis in 2009.
- The change meant that SELF no longer had access to capital from investors seeking highly secured and profitable investments through PACE; however, becoming a CDFI allowed SELF to diversify its products and receive new types of support in the form of grants for technical assistance and loan capital. By becoming a certified CDFI, SELF was able to attract capital from banks as Community Reinvestment Act (CRA) investments and establish legitimacy in the eyes of other socially responsible investors. For example, in the last year of operating under the Better Buildings grant, SELF contacted faith-based foundations that seek to make socially responsible community investments. Over the year and a half after the Better Buildings grant, SELF raised an additional \$835,000 from 5 different religious organizations.
- Under their business model, SELF faced some challenges limiting their ability to attract capital. For example, even though they implemented new policies to have Uniform Commercial Codes and a more strict collections process, capital providers are still wary of the fact they provide “unsecured” loans. Nevertheless, SELF’s portfolio results of less than 1% default and less than 3% delinquency helped prove that they had a good evaluation method and their risk management procedures were effective. The new CDFI business model allowed SELF to become self-sufficient by providing a platform to offer financial and non-financial services that could generate diversified revenue streams. These revenue sources include interest and fees earned on their investments; fees from off balance sheet portfolios such as commercial PACE; and fees from partnering with other financial institutions to sell their financial product and other activities such as contractor training.

Leverage the many complementary benefits of energy efficiency programs to broaden your organization’s reach and partnership opportunities

Home energy assessments and upgrades can offer more than just energy savings benefits. They can make homes safer, enhance home value, and reduce health risks for residents. Better Buildings Neighborhood Program partners found that emphasizing the full range of benefits that upgrades offered helped them to identify new partnership opportunities they might not have otherwise considered. They found that their organization’s work to improve resident’s quality of life and reduce energy costs was often consistent with the mission of other organizations focused on public health, low-income housing, or local economic development. Working together provided an avenue for expanding both organizations’ reach, as well as providing multiplied benefits to residents. They also found that focusing on other benefits of energy efficiency could lead to access of additional funding sources and partners.

- [EnergyWorks KC](#) in Kansas City sought partnerships with local government, community organizations, social service agencies and educational institutions to achieve complementary objectives, including: working with local housing development corporations to teach weatherization through hands-on work on houses being rehabilitated; providing free energy assessments for churches and other nonprofit institutions as part of training programs for commercial energy auditors; and partnering with Children's Mercy Center for Environmental Health to provide Healthy Homes for Energy Professionals training as part of most Home Performance training programs, as well as teaching combustion safety to Healthy Homes trainees. The program's partnership with Children's Mercy Hospital focused on opportunities for cross-training and leveraging relationships. The benefits to both partners were related to mission, i.e. EnergyWorks KC taught energy auditors a "whole house approach", looking at buildings as a system. It was to the benefit of EnergyWorks KC that auditors understood the health and safety impacts of this system for its occupants. It was to the benefit of Children's Mercy to ensure that energy professionals, who spend a significant amount of time in homes, understood and were sensitive to environmental health issues, so that they could help to spot and address problems.
- The [Los Angeles Department of Water & Power](#) took an integrated approach to saving water and energy among its residential customers, recognizing that the two are intricately linked. Water conservation programs in FY15 achieved a savings of 7,000 acre feet of water, equaling an energy savings of 4.3MkWh/year. In addition, since 2012, LADWP has been partnering with the Southern California Gas Company to further capitalize on multiple benefit opportunities and allow electric, gas, and water programs and incentives to be combined into a one-stop shop for customers. In the areas this joint venture operates, customers can see impacts in four areas on their bills: electric, gas, water, and sewer.
- In 2015, [Enhabit](#), formerly Clean Energy Works, expanded its portfolio of services to homeowners by adding seismic specialists to its team of local, certified contractors. Enhabit connected homeowners with contractors and provided low-interest loans for those interested in both energy efficiency as well as seismic safety upgrades. By offering an additional home improvement service that was in high demand in the earthquake prone Pacific Northwest, Enhabit was able to fill a niche in the market and expand its customer base.

Develop partnerships based on an alignment of goals, strong collaboration, and consistent communication

Programs that have developed strong and lasting partnerships have done so by identifying shared goals and seeking ways in which programs and partners can mutually benefit by advancing each other's missions. Even if partners don't have the same goals as your program, you can still try to find ways to work together that improve the success of both efforts. Several programs have established forums for regular communication with partners, such as a steering committee or stakeholder group that meets monthly or quarterly, to maintain collaboration and communication. Informal events—such as engaging with partners after hours in a social setting—have proven to be successful at building trust and camaraderie. One key lesson from programs that have established robust partnerships: remember that partnership development often takes more time than planned.

- The [Better Buildings Program San Jose](#) leveraged local, well-known organizations that delivered non-energy services to low-income residents to help the program reach interested homeowners. Most Holy Trinity Catholic Church and the local Boys and Girls Clubhouse offered the program space for events where they could meet with homeowners, teach them more about the program, and schedule home energy assessments. To help low-income residents cover the cost of home energy evaluations and upgrades, the program also created a partnership with Pacific Gas and Electric's Moderate Income Direct Install program (which offered free home energy assessments and weatherization services to income-qualified residents) to allow all program customers into the utility's program. To learn more about the Better Buildings Program in San Jose, see the case study "[San Jose, California, Partners with Established Community Groups to Win over Homeowners](#)".
- Early in its program, [EnergyWorks](#) in Philadelphia established a partnership with its local gas utility, Philadelphia Gas Works (PGW), to share lessons learned and customer information, including sharing energy use data once customers authorized its release. This partnership helped PGW enhance its own energy efficiency programs by applying the knowledge learned about home energy upgrades from EnergyWorks. The partnership also provided PGW customers with access to EnergyWorks' loan program. For EnergyWorks, the partnership gave it access to PGW customers for marketing. Learn more about the partnership from the case study "[In the City of Brotherly Love, Sharing Know-How Leads to Sustainability](#)". EnergyWorks found that by the end of their Better Buildings Neighborhood Program grant period, they had identified a successful formula of marketing, outreach, and contractor interface. They wanted their lessons learned to be useful in the future continued working with the city-owned utility, Philadelphia Gas Works (PGW) to develop a new [utility-run energy efficiency program](#). This program built off and mirrored the design of the EnergyWorks program by incentivizing comprehensive, whole-home residential energy efficiency projects. EnergyWorks' role changed to providing training and acting as a general contractor, which gave it more flexibility. PGW was able to provide bigger incentives than EnergyWorks could. In addition, PGW benefited from increased customer satisfaction by offering the program, so the program evolution and partnership was a win-win for everyone involved. For more information, see the U.S. Department of Energy's [Focus Series Interview with Philadelphia Energy Works](#).

- [Michigan Saves](#), formerly BetterBuildings for Michigan, established a partnership with Grand Valley State University (GVSU) to take the program's community-based approach to a new type of community—university staff—through a semester-long, employer-assisted initiative. The program found that the sustainability staff members at GVSU were interested in the program, and program staff described a “sustainability ethic ingrained in the school's culture.” GVSU employees were receptive to the energy efficiency message. University leadership joined in as well, with the provost's office and university president writing letters to staff in support of the program. The school's human resources department helped the program develop a database to manage services to employees. As a result of the program, 215 people working for GVSU (nearly 10% of total employees) signed up for the program. By going through the university, these sign-ups cost one-fourth to one-third of the program's normal marketing cost per person. Sixty percent of the homeowners who participated in the GVSU program undertook home upgrades, which was higher than Michigan Saves' average rate of 44%. To learn more about the effort, see the interview with program leads: [“It's Academic: BetterBuildings for Michigan Partners With University to Reach Employees”](#).

Examples

The following resources are examples from individual residential energy efficiency programs, which include case studies, program presentations and reports, and program materials. The U.S. Department of Energy does not endorse these materials.

Case Studies

None available at this time.

Program Presentations & Reports

None available at this time.

Program Materials

None available at this time.

Toolbox

The following resources are available to help design, implement, and evaluate possible activities related to this handbook. These resources include templates and forms, as well as tools and calculators. The U.S. Department of Energy does not endorse these materials.

Templates & Forms

None available at this time.

Tools & Calculators

None available at this time.

Topical Resources

The following resources provide additional topical information related to this handbook, which include presentations, publications, and webcasts. Visit [Examples](#) for materials from and about individual programs.

Topical Presentations

[Five Steps to a Profitable Contractor Base](#)

Author: Courtney Moriarta, SRA International, Inc.; Emily Levin, Vermont Energy Investment Corporation; Tiger Adolf, Building Performance Institute; Brad Geyer, Fayette County Better Buildings Initiative; Sammy Chu, Suffolk County Department of Labor; Sam Flanery, Building Science Academy

Publication Date: 2012

Presentation on five steps to building a profitable contractor base. The steps include sensible program design and administration, certification and credentialing, communicating with contractors, contractor requirements (business vs. trade), and training and sales support.

[Understanding Costs and Revenues](#)

Author: Glenn Barnes, Environmental Finance Center at The University of North Carolina at Chapel Hill

Publication Date: 2011

Presentation aimed at program administrators that highlights the elements of an income statement, methods for forecasting costs and revenues, the importance of performance measurement, and potential revenue streams.

Publications

[Better Buildings Neighborhood Program Business Models Guide](#)

Author: U.S. Department of Energy

Publication Date: 2012

This report serves as a resource for program administrators and building contractors who are or may be interested in starting or expanding their services into the residential energy efficiency market.

Webcasts

None available at this time.

